



U.S. DEPARTMENT OF ENERGY
Office of Energy Assurance

ENERGY ASSURANCE DAILY

October 13, 2004

Highlights / Major Developments

Heating Oil Surges 3.1% to \$1.50/Gallon for First Time on Nymex

Heating oil in New York surged to \$1.50 a gallon for the first time in the 26-year history of the futures contract amid supply concerns before winter. Wholesale prices have risen 24 percent in a month, sending the national average retail price to more than \$1.82 a gallon.

Bloomberg News, 1551 October 13, 2004

Electricity

MidAmerican Starts Construction of Two New Windfarm Projects in Iowa

MidAmerican Energy decided to move forward on two projects totaling \$323 million after President Bush signed an extension of the federal tax credit for energy from wind, biomass, and poultry litter projects.

www.industrialinfo.com

549 MW Elk Hills Gas-fired Plant Back On-line

Reuters, 1338 October 13, 2004

AES's 225 MW Gas-fired Huntington Beach, CA Plant Shut Down Wednesday

Reuters, 1338 October 13, 2004

OPG's Lakeview 1 285 MW Coal-fired Unit in ON Shut Wednesday

The outage was a short-term forced outage.

Reuters, 1334 October 13, 2004

Progress Energy's S.C. Robinson 2 Nuke Shut

Progress Energy Inc.'s 710-megawatt Robinson 2 nuclear unit in South Carolina shut by early Wednesday, the U.S. Nuclear Regulatory Commission said in its power reactor status report. On Tuesday, the unit was operating at full power. The unit was shut to repair a valve in the plant's cooling system.

Bloomberg News, 1216 October 13, 2004

Vermont Yankee Nuke Plan Stirs Concern in Vermont

Amid the protests that have erupted over nuclear power plants in New England, the Vermont Yankee plant here has long operated as an oasis of calm. Perched on the Connecticut River about 10 miles from the Massachusetts border, the 32-year-old reactor provides a third of Vermont's electricity. But that calm is ending. The plant's owner, Louisiana-based Entergy Corp., asked the Nuclear Regulatory Commission last year for permission to boost the plant's output by 20 percent, and both nuclear safety advocates and the state of Vermont itself have risen to oppose the request.

http://nl.newsbank.com/nl-search/we/Archives?p_action=doc&p_docid=105AF67EC87D55F4&p_docnum=1

PSC Approves Coal Plant in State's North-Central Area Growing Demand for Electric Power is Cited

A new \$752 million coal power plant to serve north-central Wisconsin received a crucial go-ahead Thursday from the Public Service Commission. In a unanimous decision, the commission said Wisconsin Public Service Corp. of Green Bay had justified the need for the plant based on growing electricity demand in the region, as well as the eventual need for WPS to shut down other aging, polluting coal plants. The 515-megawatt plant would provide energy to serve about 257,000 homes. The plant, known as Weston 4, will be built near Wausau, adjacent to an existing plant, Weston 3.

<http://www.energycentral.com/centers/news/daily/article.cfm?aid=5183692>

Petroleum

Also see Highlights / Major Developments

Hurricane Ivan Oil Production Shut-in Statistics

The shut-in oil production is equivalent to 27.73% of the daily production of oil in the GOM, which is approximately 1.7 million BOPD. The cumulative (9/11/04-10/13/04) shut-in oils production is 19,392,580 bbls which is equivalent to 3.205% of the yearly production of oil in the GOM which is approximately 605,000,000 bbls.

<http://www.mms.gov/ooc/press/2004/press1013.htm>

US SPR Crude Oil Inventory, Delivery Schedule Updated October 13

The Energy Department updates its SPR inventory and delivery schedule on the Web at:

http://www2.spr.doe.gov/DIR/SilverStream/Pages/pgDailyInventoryReportViewDOE_new.html

US Govt Rejects Shell Sour/Sweet SPR Swap

The U.S. government rejected a request by Royal Dutch/Shell Group's Shell Oil Co. to swap its sour crude supplies for sweet grades from the Strategic Petroleum Reserve, two industry sources told Reuters on Wednesday. Shell Oil, which last month signed a deal to borrow 1.4 million barrels from the stockpile, had further asked the Energy Department to swap sour supplies for sweet, the sources said. Shell's request was rejected last week.

Reuters, 1558 October 13, 2004

Alaska Probing Prudhoe Bay Oil Output Slowdown

Regulators in Alaska are looking into a steep drop in oil production this summer at Prudhoe Bay, the largest U.S. oil field, but so far have found no reason to fault BP Exploration (Alaska Inc.), the BP unit that operates the field, a state official said Wednesday.

Reuters, 1546 October 13, 2004

Norway Varg Oilfield Shutdown Delayed to Wednesday

Technical work has delayed to Wednesday afternoon from Tuesday the shutdown of Norway's 25,000 barrels per day Varg oilfield in the North Sea due to an expanding rig workers' strike, union officials said. Reuters, 0612 October 13, 2004

Saudi on Drilling Drive to Support Higher Capacity

Top world oil exporter Saudi Arabia is on a drilling drive to sustain a crude supply cushion of at least 1.5 million barrels per day (bpd), industry sources said on Wednesday. Reuters, 0320 October 13, 2004

Nigeria's DPR says exports to continue if strike goes beyond Thursday

Nigeria's Department of Petroleum Resources Wednesday said oil export loadings would not be disrupted even if a four-day general strike over rising fuel prices were extended beyond Thursday. The DPR, which regulates crude and product liftings at the nation's export terminals and refineries, said it was ready to activate a contingency plan to ensure oil exports continue. <http://www.platts.com/Oil/News/7028310.xml?S=n>

Crude Prices Rally Past \$53/Barrel on Speculation and Mexico Pipeline Explosion

Crude oil futures rallied back above \$53 late on Wednesday on speculation and panic sparked by an oil line explosion in Mexico. The pipeline was not for exporting oil. http://biz.yahoo.com/ap/041013/oil_prices_11.html

Natural Gas

Hurricane Ivan Gas Production Shut-in Statistics

The shut-in gas production is equivalent to 13.87% of the daily production of gas in the GOM, which is approximately 12.3 BCFPD. The cumulative (9/11/04-10/13/04) shut-in gas production is 82.620 BCF which is equivalent to 1.857% of the yearly production of gas in the GOM which is approximately 4.45 TCF. <http://www.mms.gov/ooc/press/2004/press1013.htm>

HORIZON: US Applies Brakes To Offshore Terminal Licensing In Gulf

It now turns out that it's not all smooth sailing for LNG facilities in the Gulf of Mexico and offshore Louisiana. Last month, the Coast Guard -- which by law has only one year in which to process applications -- stopped the regulatory clock until it obtains additional information in licensing proceedings for all four terminals proposed in the Gulf. A major issue is their intention to use seawater rather than gas-generated heat to turn the LNG back into a gaseous state. World Gas Intelligence, October 13, 2004

Other News

Electric System Emergency Restoration Plan

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=5181962

Box that caused alarm on highway was not explosive

The suspicious metal box that forced the closure of the Schuylkill Expressway and backed up traffic for three hours Monday night contained wood mixed with an adhesive - not a bomb, FBI and law enforcement officials said Tuesday. The box had been clamped to a Peco Energy Co. transmission tower near the Belmont Avenue exit.

Philadelphia Inquirer, October 13, 2004

Energy Prices

	Latest (10/13/04)	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate US \$/Barrel	53.86	51.98	31.91
NATURAL GAS Henry Hub \$/Million Btu	5.38	6.00	4.96

Source: Reuters

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated on Wednesdays

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 1:00pm (Eastern time) on Wednesdays

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 pm (Eastern time) on Thursdays